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Chapter 16 review questions.

Why is good credit so important? Good credit allows you to make purchases and pay them off later. This can be very useful when buying an expensive item you can not pay for all at once like a car.

What are some reasons your credit application might be denied? If you are unreliable or untrustworthy so you do not pay off previous credit. If you do not pay off bills like mortgage or electricity it will effect your credit and could cause you to be denied.

What are three ways you can establish good credit? Paying your bills on time, buy things you know you can pay off, don’t buy every little thing with a credit card, it adds up.

How does a credit card work? Credit cards work by swiping the card when making a payment, the payment is then made at the end of each month. The more you use the card the more you pay at the end of the month. Buy now pay later.

How is a charge card different from a credit card? A charge card is like a credit that can be used for a certain company. It allows you to buy now and pay later for only that company but offers discounts among other incentives.

Why are cash advances generally more expensive than credit card charges? Because cash advances are for higher risk people therefore it is more expensive to balance out the risk of the people they are taking in.